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April 27, 2006

Mr. Christopher Cox, Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Mr. William Gradison, Acting Chairman  
Public Company Accounting Oversight Board  
1666 K Street, NE  
Washington, DC 20006

RE: File No. 4-511

FILED ELECTRONICALLY ([rule-comments@sec.gov](mailto:rule-comments@sec.gov))

Dear Mr. Cox and Mr. Gradison:

We appreciate the Securities and Exchange Commission's ("SEC") effort to seek feedback on our second year experiences with Section 404 of the Sarbanes-Oxley Act ("SOX"). We continue to support the intent and goals of SOX Section 404 and we believe that our Company continues to derive benefit from the more formalized control structure that implementation of Section 404's requirements has produced. But, we believe that we, and others like us, have continued in the second year to expend more time and resources than really is warranted or that is truly beneficial to our investors.

Now that we have two years behind us, we believe that the same value can be achieved for our investors with lower costs provided the SEC or the Public Company Accounting Oversight Board ("PCAOB") take some or all of the steps described below to refine the application of SOX in practice. The recommendations are listed in priority order based on potential value and benefits.

- Expand the SEC Audit Committee Exemption to Encompass Section 404 – Effectively Exempting or Reducing Compliance Requirements for Certain (Subsidiary) Registrants

Exempt registrants whose common stock is owned entirely by a registered holding company parent that fully complies with Section 404. Precedent for this exemption has been previously established by the SEC in their exemption of certain (subsidiary) registrants from the audit committee requirements of SOX. This would in effect eliminate the innate redundancy of certifying internal control effectiveness multiple times within the same corporation. At our Company, we have multiple registrants with only debt or preferred stock securities that would have to individually certify without this exemption. Such individual certifications would be of limited value to our investors.

- Eliminate the Requirement for Auditor Attestation on Management's Assessment

Eliminate the requirement for the independent auditor to opine both on management's assessment **and** operating effectiveness of controls. Instead require the independent auditor to opine only on the effectiveness of the registrant's controls. Investors realize little value from the inefficient and expensive use of external auditor resources to review what is in reality a logistical exercise primarily focused on documentation - not control effectiveness. To require the external auditor to review and evaluate documentation beyond that which is required to opine on the effectiveness of controls is of limited value to investors.

- Replace "Inconsequential" with "Material" in Auditing Standard No. 2 (AS 2)  
Replace "Less than remote" with "Reasonably Possible" in Auditing Standard No. 2 (AS 2)

As currently applied, AS 2 focuses on detection of potential misstatements in excess of "inconsequential" amounts and whose likelihood is more likely than "remote". This establishes a very low bar that leads to micro-control documentation and micro-control testing. Findings resulting from testing at this level of detail are typically far beneath the level that would be of interest to investors. Instead, AS 2 should be revised to focus on detection of potential misstatements in excess of "material" amounts and where the likelihood is "reasonably possible" as defined in SFAS No. 5, Accounting for Contingencies. This would yield results that are material and more significant to investors. Significant guidance currently exists related to the concept and application of "materiality," e.g. Staff Accounting Bulletin 99.

Thank you for the opportunity to provide feedback on our second year implementation. We look forward to your continued guidance to help facilitate achievement of the goals of SOX.

Sincerely,

